Calendar No. 2376

84TH CONGRESS, 2d Session } SENATE { REPORT No. 2352

TRANSFERRING CERTAIN RESPONSIBILITIES OF THE SECRETARY OF THE INTERIOR TO THE PUBLIC HOUSING COMMISSIONER AND THE SECRETARY OF AGRICULTURE

JUNE 26, 1956.—Ordered to be printed

Mr. JACKSON, from the Committee on Interior and Insular Affairs, submitted the following

REPORT

[To accompany H. R. 8385]

The Committee on Interior and Insular Affairs, to whom was referred the bill (H. R. 8385) to transfer certain responsibilities of the Secretary of the Interior to the Public Housing Commissioner and the Secretary of Agriculture, and for other purposes, having considered the same, report favorably thereon without amendments and recommend that the bill do pass.

The committee held a hearing on the measure, which was submitted by the Administration and has the approval of the elected Resident Commissioner from Puerto Rico, Hon. Antonio Fernós-Isern.

Committee action was unanimous.

EXPLANATION OF MEASURE

H. R. 8385 was described by a Department of Interior spokesman at the subcommittee hearing as a "housekeeping" measure. It would transfer Federal responsibilities in connection with management of certain real property in Puerto Rico from the Secretary of the Interior to the Public Housing Commissioner and to the Secretary of Agriculture.

The real property in question consists of a large apartment house, now cooperatively owned, and equitable interests in lands held by a number of small farmers covered by loans from the Federal Government. Previously, these loans were serviced and the apartment house financing managed by the Puerto Rican Reconstruction Administration (PRRA), a Federal relief organization set up in the 1930's.

By joint resolution dated August 15, 1953 (67 Stat. 584), the Secretary of the Interior was directed to liquidate by February 15, 1955, the

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PRRA. With the exception of the two activities which are the subject of the bill under consideration, the liquidation was completed prior to the termination date.

SECTIONAL ANALYSIS

The first activity concerns loans made by the Puerto Rico Relief Commission, an agency which was established in 1928 and abolished in 1935 when its functions were transferred to the Department of the Interior. This Commission serviced the collection of payments to the United States from the Puerto Rico Reconstruction Administration. Inasmuch as the hurricane relief activities performed by PRRA were not statutory, they could not be terminated with the liquidation of PRRA, therefore the Department of the Interior arranged to transfer these functions to the Department of Agriculture. The respective Departments agreed that legislation would ultimately be proposed to accomplish the transfer to the Department of Agriculture of the Interior Department's responsibility with regard to hurricane relief loans. Section 1 of this bill will achieve this result.

Section 2 authorizes the Secretary of Agriculture to sell to the Commonwealth of Puerto Rico the obligations and documents transferred to him for such consideration as set forth by the establishment of the Puerto Rico Hurricane Relief Commission.

Section 3 pertains to the Falansterio Apartments, a housing development in San Juan, P. R., constructed by PRRA during 1936 and 1937 for the sum of $668,000. In 1948 the property was sold to the present owners for the sum of $601,800 under contract whereby 1 percent of the sales price would be paid quarterly to the United States for 25 years. The contract currently has approximately 18 years to run. In order to protect the United States financial interest in this contract, the Department of the Interior arranged for the Public Housing Commissioner to service the sales contract until appropriate legislation could be enacted to effect the transfer of the Interior Department's responsibilities under the Falansterio contract to the Public Housing Administration. Section 3 will effect this transfer.

Section 3 also provides that notwithstanding any other provision of law, funds collected by the Public Housing Commissioner under this section shall be availablefor expenses incurred by him for the purposes of this act.

Section 4 authorizes the Public Housing Commissioner to sell to the Commonwealth of Puerto Rico for just consideration the rights, title, and interest transferred to him by section 3 above with respect to the Falansterio Apartments, and to transfer to the Commonwealth of Puerto Rico the powers, duties and responsibilities under the Falansterio contract executed on July 1, 1948.

Section 5 authorizes the Secretary of Agriculture to reimburse his appropriations for expenditures required in carrying out sections 1 and 2 of H. R. 8385.

Section 6 confirms any deeds executed by the Secretary of the Interior or his designees with respect to PRRA subsequent to February 15, 1955.

Section 7 provides that this legislation will become effective upon its approval.

EXECUTIVE AGENCY REPORTS

The executive communication from the Department of the Interior, and the favorable reports of the Department of Agriculture and of the Housing and Home Finance Agency of the Public Housing Administration to the House Interior Committee are as follows:

UNITED STATES DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington 25, D. C., January 5, 1956.

Hon. SAM RAYBURN,
Speaker of the House of Representatives,
Washington 25, D. C.

MY DEAR MR. SPEAKER: Enclosed herewith is a draft of a proposed bill to transfer certain responsibilities of the Secretary of the Interior to the Public Housing Commissioner and the Secretary of Agriculture, and for other purposes. I suggest that the proposed bill be referred to the appropriate committee for consideration and I recommend that it be enacted.

The joint resolution of August 15, 1953 (67 Stat. 584), directed the Secretary of this Department to liquidate by February 15, 1955, the Puerto Rico Reconstruction Administration, an agency of this Department established in 1935. The liquidation was accomplished on the appointed date. Two activities of the Puerto Rico Reconstruction Administration could not, however, be terminated on that date, and these have consequently been performed since then by other agencies of the executive branch. The purpose of the proposed bill is to transfer statutory responsibility for these activities to such other agencies.

The first activity relates to loans made by the Puerto Rico Hurricane Relief Commission, an agency which was established in 1928 (45 Stat. 1067, as amended, 45 Stat. 1627), and abolished in 1935 (49 Stat. 320), when its functions were transferred to an agency of this Department. As a consequence of internal administrative arrangements, the Puerto Rico Reconstruction Administration, from 1946 until its liquidation, serviced the collection of payments to the United States from Puerto Rico hurricane relief loan debtors. The activities which the Puerto Rico Reconstruction Administration performed with regard to hurricane relief debtors were not statutory, and they could thus not be terminated with the liquidation of PRRA. That being so, this Department arranged to transfer to the Department of Agriculture its functions under the public resolution of December 21, 1928, which had hitherto been performed by PRRA. Pursuant to section 601 of the Economy Act (31 U. S. C., sec. 656), the Department of Agriculture has consequently, since February of this year, been servicing the collection of loans from hurricane relief debtors, on behalf of the Department of the Interior. The respective Departments agreed that legislation would ultimately be proposed to accomplish the transfer to the Department of Agriculture of the Interior Department's responsibility with regard to hurricane relief loans, and section 1 of the proposed bill would achieve this result.

Section 2 of the proposed bill pertains to the Falansterio Apartments, a housing development which was constructed by the Puerto Rico Reconstruction Administration in San Juan during 1936 and 1937 for the sum of $668,000. On July 1, 1948, the property was

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sold to the Cooperative Association of the Falansterio for the sum of $601,800. Under the terms of the sales contract between the United States and the cooperative association, the latter is required to pay 1 percent of the sales price quarterly for 25 years. The contract currently has approximately 18 years to run. In order to protect the United States' financial interest in this contract, this Department, also pursuant to arrangements concluded under section 601 of the Economy Act, provided for the servicing of the sales contract after February of this year by the Public Housing Commissioner. It was again agreed by the agencies involved that appropriate legislation would be proposed to effect the transfer of the Interior Department's responsibilities under the Falansterio contract to the Public Housing Administration. Section 2 of the proposed bill would accomplish this result.

Section 3 would authorize the Secretary of Agriculture and the Public Housing Commissioner to reimburse their appropriations for expenditures required in carrying out sections 1 and 2 of the proposed bill. Section 4 would confirm any deeds executed by the Secretary of the Interior or his designees with respect to PRRA property subsequent to February 15, 1955. Certain deeds pertaining to property conveyed by the Puerto Rico Reconstruction Administration prior to its liquidation have subsequently required correction, and the purpose of section 4 is to confirm that such deeds were properly executed. Section 5 provides that the proposed bill will become effective upon its approval.

The Bureau of the Budget has advised that there is no objection to the presentation of this proposed legislation to the Congress.

Sincerely yours,

WESLEY A. D'EWART,
Assistant Secretary of the Interior.

A BILL To transfer certain responsibilities of the Secretary of the Interior to the Public Housing Commissioner and the Secretary of Agriculture, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the authority, functions, obligations, and documents relating to Puerto Rican hurricane relief loans to individual coffee planters, cocoanut planters, fruit growers, or other agriculturists (45 Stat. 1067, and 45 Stat. 1627, as modified by 49 Stat. 926 and 49 Stat. 928), heretofore transferred to the Division of Territories and Island Possessions, Department of the Interior, pursuant to the public resolution of June 3, 1935 (49 Stat. 320), and to the Secretary of the Interior pursuant to Reorganization Plan No. 3 of 1950 (64 Stat. 1262), are hereby transferred to the Secretary of Agriculture. The authority of the Secretary of Agriculture described in the Act of December 20, 1944, and in section 41 (g) of the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C., sec. 1015 (g)), is hereby extended, as additional authority, to apply to the obligations and documents transferred by this section.

SEC. 2. There are hereby transferred to the Public Housing Commissioner all right, title, and interest, including contractual rights and reversionary interests, held by the Federal Government in and with respect to the apartment development in San Juan, Puerto Rico, known as the Falansterio Apartments, heretofore administered by the Secretary of the Interior. All of the powers, duties, and responsibili-

ties of the Secretary of the Interior under the Private Sales Contract executed on July 1, 1948, by the United States, represented by the Assistant Administrator of the Puerto Rico Reconstruction Administration, and the Cooperative Association of the Falansterio, and transferred to the Secretary of the Interior pursuant to Reorganization Plan No. 3 of 1950 (64 Stat. 1262), are hereby transferred to the Public Housing Commissioner. If, under the terms of the Private Sales Contract, the Public Housing Commissioner takes possession of the Falansterio Apartments, or any part thereof, he is authorized to improve and administer the property, to release or convey any part thereof, and to otherwise dispose of the remaining property when he finds that any breach in the terms of the Private Sales Contract cannot be cured to permit redelivery of possession thereunder.

SEC. 3. Any funds collected by the Secretary of Agriculture under section 1 hereof, or by the Public Housing Commissioner under section 2 hereof, may be credited to appropriations current at the time such funds are received, to the extent necessary to reimburse such appropriation for expenditures required in the administration of this Act.

SEC. 4. All deeds pertaining to property of the Puerto Rico Reconstruction Administration executed by the Secretary of the Interior or his designee subsequent to February 15, 1955, are hereby confirmed.

SEC. 5. This Act shall take effect upon its approval.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, February 27, 1956.

Hon. CLAIR ENGLE,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives.

DEAR CONGRESSMAN ENGLE: This is in reply to your request of January 16 for a report on H. R. 8385, a bill to transfer certain responsibilities of the Secretary of the Interior to the Public Housing Commissioner and the Secretary of Agriculture, and for other purposes.

The Department recommends the enactment of the proposed legislation with respect to the provisions of the bill in which the Department would be directly concerned, and has no objection to other provisions in the bill not affecting the Department.

The Department of Agriculture would have no direct interest in the provisions in items (3) and (5) above.

In connection with the liquidation of the Puerto Rico Reconstruction Administration pursuant to the requirements of Public Law 276, 83d Congress, the Department of the Interior, by letter dated February 3, 1955, proposed a transfer of responsibility for the servicing and collection of Puerto Rican hurricane relief loans to the Department of Agriculture, effective February 1, 1955, and indicated that, if this Department agreed to the proposal, the Department of the Interior would initiate legislation to permanently effect such a transfer. In a letter dated February 10, 1955, this Department informed the Department of the Interior of concurrence in the proposal. Subsequent to this exchange of correspondence, the records of accounts

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resulting from Puerto Rican hurricane relief loans, which had been maintained by the Puerto Rico Reconstruction Administration in Puerto Rico, were transferred to the offices of the Farmers' Home Administration, an agency of the Department, in Puerto Rico where they are now housed and serviced.

H. R. 8385 would (1) transfer from the Secretary of the Interior to the Secretary of Agriculture the authority, functions, obligations, and documents relating to Puerto Rican hurricane relief loans to individual coffee planters, coconut planters, fruit growers, or other agriculturists (45 Stat. 1067, and 45 Stat. 1627, as modified by 49 Stat. 926 and 49 Stat. 928), including the responsibility for the servicing and collection of such loans; (2) authorize the Secretary of Agriculture to settle debts resulting from Puerto Rican hurricane relief loans pursuant to the authorities of Public Law 518, approved December 20, 1944, and section 41 (g) of the Bankhead-Jones Farm Tenant Act, as amended; (3) transfer from the Secretary of the Interior to the Public Housing Commissioner all rights, title, and interest with respect to the apartment development in San Juan, P. R., heretofore administered by the Secretary of the Interior; (4) authorize the Secretary of Agriculture and the Public Housing Commissioner to credit to current appropriations any funds collected pursuant to the above authorities to the extent necessary to reimburse such appropriations for expenditures required in the administration of these authorities; and (5) confirm deeds executed by the Secretary of the Interior or his designees subsequent to February 15, 1955, pertaining to property of the Puerto Rico Reconstruction Administration.

There are approximately 200 accounts outstanding with unpaid balances amounting to a little over $108,000. The loans were made in amounts ranging from $50 to $20,000 each, to provide relief to individual coffee planters, coconut planters, fruit growers, and other agriculturists, as a result of damages sustained during the Puerto Rican hurricane in September 1928. We are informed that the loans were secured by first or second liens on real estate, primarily by the latter. Some of the borrowers will undoubtedly be eligible for the benefits of debt settlement if the proposed legislation is enacted. Others may be in a position to make payment to the Government under a servicing program.

Since the Department of the Interior is no longer in a position to service these accounts because of the abolishment of the Puerto Rico Reconstruction Administration, and since the Farmers' Home Administration maintains offices in Puerto Rico to deal directly with farm families, it seems appropriate that the Puerto Rican hurricane relief loan accounts still outstanding should be transferred to the Department of Agriculture.

The Bureau of the Budget has advised that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE,
Acting Secretary.

HOUSING AND HOME FINANCE AGENCY,
OFFICE OF THE ADMINISTRATOR,
Washington 25, D. C., March 9, 1956.

Re H. R. 8385, 84th Congress.

Hon. CLAIR ENGLE,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives, Washington 25, D. C.

DEAR CONGRESSMAN ENGLE: This is in further reply to your letter of February 28, requesting the views of this Agency with respect to H. R. 8385, a bill to transfer certain responsibilities of the Secretary of the Interior to the Public Housing Commissioner and the Secretary of Agriculture, and for other purposes.

Under the provisions of this bill affecting this Agency there would be transferred to the Public Housing Commissioner all of the powers, duties, and responsibilities of the Secretary of the Interior with respect to the apartment development in San Juan, P. R., known as the Falansterio Apartments, under the private sales contract of July 1, 1948, between the Puerto Rico Reconstruction Administration and the Cooperative Association of the Falansterio. If the cooperative association should default under its contract, the Public Housing Commissioner could take possession of the property, or any part thereof, improve and administer it, release or convey any part thereof, and make other disposition of the remaining property.

This Agency would have no objection to the enactment of this bill with the following amendments:

1. In line 24 on page 2, insert "or otherwise" before the comma; in line 2 on page 3 after the word "release" strike out "or convey" and insert in lieu thereof ", convey, or reconvey"; and in line 3 on page 3 after the word "property" insert a period and strike out the balance of the sentence. It is possible that possession of the property could be acquired through means other than under the terms of the private sales contract. These amendments would permit the Public Housing Commissioner to take the necessary action after acquisition of possession under the sales contract or otherwise and to reconvey possession when he deems it warranted.

2. Add the following sentence at the end of section 2: "Notwithstanding any other provision of law, any funds collected by the Public Housing Commissioner under this section shall be available for expenses incurred by him hereunder." In lines 7 and 8 on page 3, delete the following: ", or by the Public Housing Commissioner under section 2 hereof,". We are not certain of the effect of section 3 and are, therefore, proposing simple language that would make income available for expenses subject to the usual annual budgetary limitations submitted to and approved by Congress. This change does not affect the provisions of section 3 relating to the Secretary of Agriculture.

In view of a request from Mr. Taylor, of your staff, for an immediate report, this is being sent to you prior to clearance with the Bureau of the Budget. As soon as the Bureau's views are obtained, we will send you a supplemental report.

Sincerely yours,

ALBERT M. COLE,
Administrator.

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HOUSING AND HOME FINANCE AGENCY,
URBAN RENEWAL ADMINISTRATION,
Washington 25, D. C., March 23, 1956.

Re H. R. 8385, 84th Congress.

Hon. CLAIR ENGLE,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives, Washington 25, D. C.

DEAR CONGRESSMAN ENGLE: This is to supplement my report of March 9 with respect to H. R. 8385, a bill to transfer certain responsibilities of the Secretary of the Interior to the Public Housing Commissioner and the Secretary of Agriculture, and for other purposes.

We have been informed by the Bureau of the Budget that this report is without objection insofar as the Bureau is concerned.

Sincerely yours,

ALBERT M. COLE,
Administrator.

The Committee on Interior and Insular Affairs recommends the enactment of H. R. 8385.

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Calendar No. 2377

84TH CONGRESS, 2d Session | SENATE | REPORT No. 2353

RELATING TO GENERAL OBLIGATION BONDS OF THE TERRITORY OF HAWAII, AMENDING PUBLIC LAWS 640 AND 643 OF THE 83D CONGRESS (68 STAT. 782, CH. 889, AND 68 STAT. 785, CH. 892), AND RATIFYING CERTAIN PROVISIONS OF ACT 273, SESSION LAWS OF HAWAII, 1955, WHICH AUTHORIZES ISSUANCE OF PUBLIC IMPROVEMENT BONDS FOR SCHOOLS IN THE CITY AND COUNTY OF HONOLULU AND THE COUNTY OF HAWAII

JUNE 26, 1956.—Ordered to be printed

Mr. JACKSON, from the Committee on Interior and Insular Affairs, submitted the following

REPORT

[To accompany H. R. 9768]

The Committee on Interior and Insular Affairs, to whom was referred the bill (H. R. 9768) relating to general obligation bonds of the Territory of Hawaii, amending Public Laws 640 and 643 of the 83d Congress (68 Stat. 782, ch. 889, and 68 Stat. 785, ch. 892), and ratifying certain provisions of Act 273, Sessions Laws of Hawaii, 1955, which authorizes issuance of public improvement bonds for schools in the city and county of Honolulu, and the county of Hawaii, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

The committee held a hearing on the measure, and committee action approving it was unanimous.

EXPLANATION OF MEASURE

H. R. 9768 would extend the bonding authority of the Territory of Hawaii to permit new school construction in the amount of $17,700,000. It also would clarify the debt limitation imposed by existing Federal law upon the Territory.

No expenditure of Federal funds is involved, and the credit of the United States is not pledged. The measure contains a specific provision that the bonds may be issued without the approval of the President.

The elected Legislature of Hawaii already has enacted Territorial legislation appropriating Territorial funds for the purposes of the bill

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(Act 273, Session Laws of Hawaii, 1955), and H. R. 9768 would ratify the appropriate sections of this Territorial act. The measure has the approval of the Governor, and was sponsored by the elected Delegate from Hawaii.

LEGISLATIVE BACKGROUND

Section 55 of the Hawaiian Organic Act (48 U. S. C., sec. 562) provides that the Territory's total indebtedness shall not at any time exceed 10 percent of the assessed value of property in the Territory and that the total indebtedness incurred in any 1 year by the Territory shall not exceed 1 percent of its assessed value.

Public Law 640, 82d Congress (68 Stat. 782, 48 U. S. C., Supp. II, 562n) ratified a Territorial law relating to the issuance of $20 million in bonds for the purpose of making veterans' loans. No time limit is placed upon the issuance of these veterans' bonds but the total indebtedness may not exceed $95 million.

Public Law 643, 83d Congress (68 Stat. 785, 48 U. S. C., Supp. II, sec. 562o), ratified a Territorial law relating to public-improvement bonds in the amount of $19,063,500 to enable the Territory, for the most part, in school-building construction. Public Law 643 provided that these bonds could be issued notwithstanding the debt limitations permitted under the Hawaiian Organic Act but that the total indebtedness of the Territory could not exceed $95 million. Public Law 643 further provided that the approximate $19 million public-improvement bonds could be issued only during the years 1954 through 1959.

The relationship between Public Laws 640 and 643, on the one hand, and section 43 of the Hawaiian Organic Act, on the other, is not clear. Sections 1 and 2 of H. R. 9768 will clarify the Territory's debt limit to be either $95 million or 10 percent of the assessed value of property in the Territory, whichever is the higher. Although such was the intent of Public Laws 640 and 643, it is necessary that this legislation be passed to insure that the Territory will be enabled to take advantage of its $95 million debt limitation or 10 percent of its assessed valuation, whichever is higher. H. R. 9768 would make this possible.

Sections 1 and 2 would also make clear that the $95 million limitation would be continued in effect through 1959, except that such limitation would continue beyond that date so far as veterans' loans under Public Law 640 are concerned.

Section 3 would ratify and confirm portions of Act 273, Session Laws of Hawaii, 1955. These portions provide for $17,700,000 in school bonds of which $13,700,000 would be for schools in the city and county of Honolulu and $4 million for schools in the county of Hawaii. The Territorial Legislature and the Territorial Governor are in accord as to the urgency of school construction and the consequent justification of the proposed bonds. These bonds would fall within the $95 million debt limitation carried in Public Law 643. Congressional approval is necessary in order to overcome the 1 percent limitation referred to above. This limitation has been lifted with respect to the bonds authorized by Public Law 640 and Public Law 643. School needs are such that they cannot be met within the 1 percent limitation and thus section 3 is required.

REPORTS OF EXECUTIVE AGENCIES

The favorable reports of the Department of the Interior and the Bureau of the Budget to the House Interior Committee are set forth, in full.

UNITED STATES DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D. C., March 9, 1956.

Hon. CLAIR ENGLE,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives, Washington, D. C.

MY DEAR MR. ENGLE: This will reply further to your request for the views of this Department on H. R. 9768, a bill relating to general obligation bonds of the Territory of Hawaii, amending Public Laws 640 and 643 of the 83d Congress (68 Stat. 782, ch. 889, and 68 Stat. 785, ch. 892), and ratifying certain provisions of Act 273, Session Laws of Hawaii, 1955, which authorizes issuance of public improvement bonds for schools in the city and county of Honolulu and the county of Hawaii.

I recommend that the bill be enacted.

H. R. 9768 would serve two useful and important purposes. It would first clarify Hawaii's existing debt limitation, and it would secondly ratify an act of the 1955 session of the Territorial legislature relating to school bonds.

Section 55 of the Hawaiian Organic Act (48 U. S. C., sec. 562), provides that the Territory's total indebtedness shall not at any time exceed 10 percent of the assessed value of property in the Territory, and that the total indebtedness incurred in any 1 year by the Territory shall not exceed 1 percent of such assessed value. These limitations have, in effect, been raised by virtue of the enactment of Public Laws 640 and 643 by the 83d Congress, but the relationship between these Public Laws and section 55 is not entirely clear.

Public Law 643 (68 Stat. 785, 48 U. S. C., Supp. II, sec. 562o), ratified two 1953 Territorial laws relating to the issuance of $19,063,500 in public improvement bonds, most of which were for the purpose of school construction. The statute provided that the bonds in question could be issued notwithstanding the limitation carried in section 55 of the organic act, but that the total indebtedness of the Territory, including such bonds, could not exceed $95 million. The bonds authorized by Public Law 643 could only be issued from 1954 through 1959. Public Law 640 (68 Stat. 782, 48 U. S. C., Supp. II, sec. 562n) ratified a Territorial law relating to the issuance of $20 million in bonds for the purpose of veterans' loans. These bonds also could be issued without reference to the section 55 limitation, but the $95 million limitation upon total indebtedness was again included. No time limitation was placed upon the issuance of bonds under Public Law 640.

These laws give rise to a variety of questions which H. R. 9768 would resolve. First, the bill would make clear that the Territory's debt limitation will be either $95 million, as provided in Public Laws 640 and 643, or 10 percent of the assessed value of property in the Territory, as provided in section 55 of the organic act, whichever is the higher. We have been advised by the Governor of Hawaii that the Territory's 1956 tax assessments will result in a debt limitation

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under the 10-percent provisions of the organic act of approximately $85 million. We are also advised, however, that by 1959 assessed values will probably rise to the extent that the 10-percent provision will result in a limitation in excess of $95 million. We are uncertain what limitation would then be imposed upon the Territory in the light of the law as it now exists. I believe that the Territory ought, however, to be able to take advantage of the higher limitation imposed upon it by the organic act, and sections 1 and 2 of H. R. 9768 would make this result certain.

Sections 1 and 2 of the bill would also make clear that the $95 million limitation contained in Public Laws 640 and 643 would be continued in effect only through 1959, except that such limitation would continue beyond that date with respect to veterans' loans under Public Law 640. This appears to have been the Congress' intent, but H. R. 9768 would make the result explicit. Thus, if the assessed value of property in the Territory in 1960 and beyond results in a debt limitation under the organic act of an amount less than $95 million, the limitation under the organic act would apply to bond issues other than those relating to veterans' loans; but the $95 million would continue, assuming a lower limitation under the organic act, with respect to veterans' loan bonds. If assessed values of property result in a limitation under the organic act in excess of $95 million, then the organic act limitation would replace the special $95 million ceiling.

The last paragraph of section 2 would make explicit the Territory's authority to issue veterans' loan bonds pursuant to Public Law 640 after 1959. This, too, we infer was the Congress' intent under such law, but we believe it would be helpful to have the point clarified.

Section 3 of H. R. 9768 would ratify portions of Act 273 of the 1955 Territorial legislature. Those portions provide for $17,700,000 in school bonds, of which $13,700,000 would be for schools in the city and county of Honolulu and $4 million for schools in the county of Hawaii. The Governor has strongly recommended ratification of this act, in the light of the Territory's pressing school needs. Bonds issued pursuant to section 3 would be included within the $95 million limitation carried in Public Law 643. Express approval of the Congress of the bond issue contemplated by Act 273 is necessary in order to overcome the 1 percent limitation referred to above. This limitation has been removed with respect to the bonds authorized by Public Laws 640 and 643 by the enactment of those laws. The Governor advises us that school needs are such that they cannot adequately be met within the 1 percent limitation, and I therefore recommend that section 3 also be enacted.

We have been asked previously by your committee to report on H. R. 7892. It is our understanding that H. R. 9768 is intended to be a substitute for the earlier bill. Accordingly, if favorable action is taken on H. R. 9768, as we recommend, there will be no need for any further action on H. R. 7892 either by your committee or by this Department.

The Bureau of the Budget has advised that there is no objection to the submission of this report to your committee.

Sincerely yours,

WESLEY A. D'EWART,
Assistant Secretary of the Interior.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D. C., March 20, 1956.

Hon. CLAIR ENGLE,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives, Washington, D. C.

MY DEAR MR. CHAIRMAN: This is in reply to your letter of March 7 requesting the views of the Bureau of the Budget on H. R. 9768, a bill relating to general obligation bonds of the Territory of Hawaii, amending Public Laws 640 and 643 of the 83d Congress (68 Stat. 782, ch. 889, and 68 Stat. 785, ch. 892), and ratifying certain provisions of Act 273, Session Laws of Hawaii, 1955, which authorizes issuance of public improvement bonds for schools in the city and county of Honolulu and the county of Hawaii.

This measure would clarify the debt limitation established in existing laws, and would ratify an act of the Territorial legislature relating to school bonds to be issued subject to the debt limitation.

The Secretary of the Interior, in a separate report he is making to your committee, explains in detail the need for H. R. 9768. This Bureau concurs in the views expressed in that report.

The Bureau of the Budget would have no objection to enactment of H. R. 9768.

Sincerely yours,

PERCY RAPPAPORT,
Assistant Director.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

ACT OF AUGUST 24, 1954 (68 STAT. 782, CH. 889)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Legislature of the Territory of Hawaii, any provision of the Hawaiian Organic Act, or any law of the Territory of Hawaii, or of any Act of this Congress to the contrary notwithstanding, may authorize the issuance of general obligation bonds in the amount of $20,000,000, such authorization to be over and above any limitation on the bonded debt of the Territory imposed by the Hawaiian Organic Act and in addition to all other issues in excess of said debt limitation authorized by the Congress: [*Provided, however,* That the total indebtedness of such Territory shall not exceed $95,000,000] *Provided, however, That the total indebtedness of such Territory shall not exceed $95,000,000 or the amount of total indebtedness authorized by the Hawaiian Organic Act, whichever is the higher.* The proceeds of such bonds shall be used for the purchase of mortgages made on or after July 1, 1954, or for the making of mortgages, on homes and farms of veterans within the Territory of Hawaii.

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SEC. 2. The bonds issued under the authority of this Act shall be serial bonds, payable in substantially equal installments, the first installment to mature not later than five years and the last installment to mature not later than thirty years from the date of such issue. Such bonds may be issued without the approval of the President of the United States.

SEC. 3. Act 211 of the Session Laws of Hawaii 1953, relating to the issuance of general obligation bonds, as authorized by this Act, is hereby ratified and confirmed, subject, however, to the provisions of this Act.

ACT OF AUGUST 24, 1954 (68 STAT. 785, CH. 892)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That sections 5 and 6 of Act 254 of the Session Laws of Hawaii 1953, entitled: "An Act providing for the issuance of public improvement bonds", and Act 280 of the Session Laws of Hawaii 1953, entitled "An Act relating to public improvement and the financing thereof, making appropriations for public improvements and providing for the issuance of public improvement bonds, and memorializing Congress to authorize the issuance of public improvement bonds of the Territory of Hawaii during the years 1953 to 1959, inclusive, without respect to the limitations imposed by the Hawaiian Organic Act" are hereby ratified and confirmed: *Provided, however*, That nothing herein contained shall be deemed to prohibit the amendment of said Act of said Territory by the legislature thereof, from time to time, to provide for changes in the improvements authorized by said Act, and for the disposition of unexpended moneys appropriated by said Act: *Provided further*, That no such amendment shall cause the proceeds of the bond issues hereby authorized to be expended for any purpose other than authorized public improvements or reduction of the debt, unless otherwise approved by the Congress.

[SEC. 2. During the years 1954 to 1959, inclusive, the Territory of Hawaii is authorized to issue, any provision of the Hawaiian Organic Act or any other Act of Congress to the contrary notwithstanding, public improvement bonds in the amount of $19,063,500 in excess of the existing debt limitation, which shall be in addition to all other issues in excess of said debt limitation authorized by the Congress: *Provided*, That the total indebtedness of such Territory shall not exceed $95,000,000.]

SEC. *2. During the years 1954 to 1959, inclusive, the Territory of Hawaii is authorized to issue, any provision of the Hawaiian Organic Act or any other Act of Congress to the contrary notwithstanding, public improvement bonds in such amounts as will not cause the total indebtedness of such Territory to exceed $95,000,000 or the amount of total indebtedness authorized by the Hawaiian Organic Act, whichever is the higher.*

In applying the Territory's debt limitation, whether prescribed by this or other specific Act of Congress or by the Hawaiian Organic Act, the computation of the amount to which the total indebtedness of the Territory may be extended at any time shall include all general obligation bonds, whether for public improvements or for other purposes for which general obligation bonds are or may be authorized to be issued by the Congress: Provided, That during the year 1960 and thereafter if the Territory's debt limitation prescribed by the Hawaiian Organic Act shall be less than $95,000,000 there shall be added to the Territory's debt limitation so prescribed by the Hawaiian Organic Act such amount as represents the outstanding indebtedness incurred for the purposes authorized by Public Law 640, Eighty-third Congress, as amended, but such addition shall not cause the total indebtedness of the Territory to exceed $95,000,000.

Nothing herein shall be deemed to preclude the issuance of bonds after 1959 under Public Law 640 of the Eighty-third Congress, as amended, in accordance with the authorization therein set forth.

SEC. 3. All bonds issued pursuant to section 2 shall be serial bonds payable in substantially equal annual installments, with the first such installment maturing not later than five years from the date of issue and the last such installment maturing not later than thirty years from such date.

SEC. 4. Bonds shall not be issued pursuant to section 2 without the approval of the President of the United States.

COMMITTEE'S CONCLUSIONS

The Committee on Interior and Insular Affairs recommends enactment of H. R. 9768.

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Calendar No. 2378

84TH CONGRESS, 2d Session | SENATE | REPORT No. 2354

RATIFYING AND CONFIRMING ACT 249 OF THE SESSION LAWS OF HAWAII, 1955, AS AMENDED, AND AUTHORIZING THE ISSUANCE OF CERTAIN HIGHWAY REVENUE BONDS BY THE TERRITORY OF HAWAII

JUNE 26, 1956.—Ordered to be printed

Mr. JACKSON, from the Committee on Interior and Insular Affairs, submitted the following

REPORT

[To accompany H. R. 7426]

The Committee on Interior and Insular Affairs, to whom was referred the bill (H. R. 7426) to ratify and confirm Act 249 of the Session Laws of Hawaii, 1955, as amended, and to authorize the issuance of certain highway revenue bonds by the Territory of Hawaii, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

The committee held a hearing on the measure, at which the Delegate from Hawaii and the superintendent of public works for the Territory testified in support of it. Committee action was unanimous.

PURPOSE OF MEASURE

H. R. 7426 would authorize the Territory of Hawaii to issue revenue bonds, in an amount not to exceed $50 million, to obtain funds for highway construction in Hawaii. The bonds would be payable out of funds derived from the Territorial highway vehicle fuel taxes, presently amounting to 1 cent a gallon.

The credit of the United States Government is in no way involved, nor would the bonds create a general obligation on the part of the Territory.

The Legislature of Hawaii on June 14, 1955, enacted a Territorial law providing for issuance and sale of these bonds (Act 249, Session Laws of Hawaii, 1955), but because of limitations in the Hawaiian Organic Act (48 U. S. C., sec. 262, et seq.), approval of Congress also is necessary. Accordingly, section 6 of H. R. 7426 provides for ratification of the act of the Territorial legislature. Section 3 of the said act petitions Congress to enact legislation giving such approval.

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Enactment of H. R. 7426 will permit the Territory to undertake an accelerated highway improvement program which is urgently needed to meet the Territory's rapidly expanding highway traffic requirements. The Territory has plans for a 5-year highway program that normally would be constructed over a span of 15 years. The proceeds from the bond issue will enable the Territory to match the increased apportionments under the Federal-Aid Highway Act of 1954 (68 Stat. 70), and such future allocations as may be authorized by anticipated Federal highway legislation.

Act 250, Session Laws of Hawaii, 1955, provides for a 1 cent per gallon increase in the Territorial liquid fuel tax. Proceeds realized from this tax will meet the requirements of the highway program described above. Many States are financing their highway programs in this manner. Act 250, a revenue-raising measure, did not require congressional approval or ratification because it is a matter over which the Territorial legislature has jurisdiction.

PAYMENT OF BONDS

As stated, the bonds authorized by H. R. 7426 are in substance tax-anticipation bonds, to be paid out of revenues from the highway vehicle fuels tax. However, section 3 provides that to the extent now or hereafter approved by Congress, Federal-aid highway funds may be applied to the retirement of such bonds.

The committee wishes to record its unanimous view that Congress should not approve any special legislation or provisions giving these Hawaii bonds any preferential treatment. The responsibility is that of the Territory of Hawaii.

REPORTS OF EXECUTIVE AGENCY

The favorable report of the Department of the Interior to the House Interior Committee is set forth in full below.

UNITED STATES DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D. C., March 10, 1956.

Hon. CLAIR ENGLE,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives, Washington, D. C.

MY DEAR MR. ENGLE: This responds to your request for the views of this Department on H. R. 7426, a bill to ratify and confirm Act 249 of the Session Laws of Hawaii, 1955, as amended, and to authorize the issuance of certain highway revenue bonds by the Territory of Hawaii.

We recommend that the bill be enacted, provided it is amended as suggested herein.

If H. R. 7426 is enacted, Act 249 of the Session Laws of Hawaii, 1955, would be approved and ratified, thereby authorizing the Territory of Hawaii to issue bonds in a sum not to exceed $50 million, such bonds to be payable from funds derived from highway vehicle fuel taxes. The bonds would not be a general obligation of the Territory.

The bond issue proposed by Act 249 of the Territorial legislature will permit the Territory to undertake an accelerated highway-improvement program which is urgently needed to meet the Territory's rapidly expanding highway-travel requirements. This program has

as its goal the completion within 5 years of highway facilities that would normally be constructed over a span of 15 years. In addition, the proceeds from the bond issue will better enable the Territory to match the increased allocation of Federal funds to the Territory under the provisions of the Federal-Aid Highway Act of 1954 (68 Stat. 70) and such future allocations as may be authorized by anticipated Federal highway legislation.

Act 250 of the Session Laws of Hawaii, 1955, a measure related to Act 249, provides for a 1 cent per gallon increase in the liquid fuel tax imposed by the Territory. It is expected that revenues from the increased fuel taxes will adequately meet the requirements of the proposed program of construction and its financing.

Many States and local governmental units are financing portions of their highway programs by the issuance of bonds which are to be repaid with revenue derived from highway fuel taxes or some similar specified and limited source of funds. Congressional approval is necessary, if the Territory of Hawaii is to undertake the proposed program, because of the limited authority in the Territory to issue bonds contained in section 55 of the Hawaiian Organic Act, as amended (48 U. S. C., sec. 562, et seq.). Territorial Senate Concurrent Resolution No. 31 requests that congressional authorization and approval be granted and the Governor of Hawaii has recommended enactment of H. R. 7426.

Section 2 of the bill would provide that Federal-aid funds may be used for payments of the principal of the bonds and interest thereon. Section 5 of the Federal-Aid Highway Act of 1950 (64 Stat. 785) provides that Federal-aid funds authorized and apportioned for expenditure on the National System of Interstate Highway, the Federal-aid primary highway system, or the Federal-aid highway system in urban areas may be used to aid in the retirement of annual maturities of principal indebtedness of bonds issued for, and the proceeds of which were used for, the construction of toll-free facilities on said systems of highways. This provision is not applicable to Federal-aid secondary system funds.

Under section 2 of H. R. 7426, Federal-aid funds not only could be used for payments on bonds for the Federal-aid systems as provided in said section 5, but for the Federal-aid secondary system as well. The use of Federal-aid funds would also be permitted for interest payments on such bonds, for payment on bonds for projects not on any of the Federal-aid highway systems, and for payment on bonds for highway maintenance. In these particulars, the pending bill is not consistent with existing Federal-aid highway legislation.

This Department does not believe that there is a proper basis in the case of the program proposed in H. R. 7426 for an exception with respect to the use of Federal-aid funds for projects which are not on any of the Federal-aid highway systems, for maintenance, or for interest payments. However, authority to use Federal-aid funds for the retirement of the principal of bonds, the proceeds of which are used for projects on the Federal-aid secondary highway system in Hawaii, would appear justifiable because of its unique geographic position in and the importance of certain portions of its secondary system in relation to national defense considerations.

To accomplish the foregoing, it is recommended that the Federal-aid legislation be amended expressly by means of a separate section

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added to the bill, rather than impliedly under section 2 of the bill. Accordingly, it is recommended that the words "and that Federal-aid funds may also be used for the principal of the bonds and interest thereon" appearing on lines 13, 14, and 15, on page 2 of the bill, be deleted and that a new section 4 be added to the bill reading as follows:

"SEC. 4. Section 5 of the Federal-Aid Highway Act of 1950 (64 Stat. 785) is hereby amended by substituting a colon for the period at the end thereof and inserting thereafter the following: '*And provided further*, That Federal-aid funds authorized for expenditure on the Federal-aid secondary system in the Territory of Hawaii may be applied to aid in retirement of annual maturities of the principal indebtedness of bonds issued by the Territory to the extent that the proceeds of such bonds are actually expended in the construction of the Federal-aid secondary system in the Territory.' "

Adoption of this new section 4 will require that sections 4, 5, and 6 of the bill be redesignated sections 5, 6, and 7, respectively.

In addition to the amendments proposed above, we suggest that the bill be amended in the following respects:

1. In order to clarify the definition of the term "highway vehicle fuel taxes" in section 3 of the bill, we recommend that the section be redrafted to read substantially as follows:

"As used in this Act, the term 'highway vehicle fuel taxes' means taxes in respect to the fuel for operating a motor vehicle or motor vehicles upon the highways, as defined and imposed by the laws of the Territory of Hawaii, but in the event the legislation providing for such tax levies the same in respect to other fuel and does not provide for the segregation of the taxes in respect to the fuel for operating a motor vehicle or motor vehicles upon the highways, then the term 'highway vehicle fuel taxes' includes as well all such taxes in respect to fuel as are commingled with the taxes in respect to the fuel for operating a motor vehicle or motor vehicles upon the highways."

2. The comma appearing in line 9, page 2, following the word "sufficient", should be deleted.

3. The word "in" should be added after the word "inserting" in line 14, page 3.

The Bureau of the Budget has advised that there is no objection to the submission of this report to your committee.

Sincerely yours,

WESLEY A. D'EWART,
Acting Secretary of the Interior.

The Committee on Interior and Insular Affairs is unanimous in recommending enactment of H. R. 7426.

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Calendar No. 2379

84TH CONGRESS, 2d Session | SENATE | REPORT No. 2355

ENABLING THE LEGISLATURE OF THE TERRITORY OF HAWAII TO AUTHORIZE THE CITY AND COUNTY OF HONOLULU, A MUNICIPAL CORPORATION, TO ISSUE GENERAL OBLIGATION BONDS

JUNE 26, 1956.—Ordered to be printed

Mr. JACKSON, from the Committee on Interior and Insular Affairs, submitted the following

REPORT

[To accompany H. R. 9769]

The Committee on Interior and Insular Affairs, to whom was referred the bill (H. R. 9769) to enable the Legislature of the Territory of Hawaii to authorize the city and county of Honolulu, a municipal corporation, to issue general obligation bonds, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

The committee held a hearing on the measure, at which its sponsor, Hon. Elizabeth Farrington, elected Delegate from Hawaii, and spokesmen for the Department of the Interior testified in support of it.

Committee action was unanimous.

EXPLANATION OF MEASURE

H. R. 9769 would broaden the existing authority of the city and county of Honolulu, a political subdivision of the Territory of Hawaii, to issue general obligation bonds for specified public improvements. The amount that would be authorized is $14 million or 2 percent of the assessed valuation of the real estate of the city and county, whichever is greater.

Delegate Farrington testified that the real estate of the city and county was conservatively valued at $700 million. The present bonded indebtedness of the city and county is some $32½ million.

The Territorial legislature has enacted four measures authorizing the municipality to issue the bonds for the purposes named (Acts 145, 199, 210, and 223, Session Laws of Hawaii, 1955). H. R. 9769 is necessary because of present limitations in the Organic Act of Hawaii (48 U. S. C., sec. 562), and the bill would ratify the foregoing Territorial laws.

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No appropriation of Federal funds is authorized, and the faith and credit of the United States is not pledged.

PUBLIC IMPROVEMENTS

The bonds would finance construction of the following approved works: Construction of a war memorial municipal auditorium, $3 million; completion of the construction of the Kalihi tunnel, its approach roads and a second 2-lane tunnel bore, $6 million; park and playground construction and improvement, $1,500,000; and construction of sewage, flood control and drainage facilities, $4 million, respectively. The Kalihi tunnel would make large residential areas on the north side of the island of Oahu more readily accessible to Honolulu, the capital and business metropolis of the Territory.

The members of the committee are convinced that issuance of bonds for such purposes are strictly a local matter, since the residents of the municipality are ready, willing, and able to bear the financial burdens, and have approved them. The debt limitations in the bill are those in the proposed State Constitution of Hawaii, adopted overwhelmingly in a territorywide plebiscite in 1950.

REPORT OF THE EXECUTIVE AGENCY

The favorable report of the Department of the Interior to the House Interior Committee is set forth in full below.

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D. C., March 9, 1956.

Hon. CLAIR ENGLE,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives, Washington, D. C.

MY DEAR MR. ENGLE: This responds to your request for the views of this Department on H. R. 9769, a bill to enable the Legislature of the Territory of Hawaii to authorize the city and county of Honolulu, a municipal corporation, to issue general obligation bonds.

We recommend that the bill be enacted.

Section 1 of the bill would ratify and confirm Acts 145, 199, 210, and 223 of the Session Laws of Hawaii, 1955, which authorized the city and county of Honolulu to issue general obligation bonds to finance the construction of much needed public improvements. The purposes of these Territorial acts and the amounts involved are summarized as follows:

1. Act 145 authorizes the issuance of general obligation bonds in a total sum of $3 million for the construction of a war memorial municipal auditorium. There is a very real need in the community for an arena-type auditorium capable of being used for such activities as concerts, conventions, sports activities, and flower, and other shows. It is planned, in addition, that the off-street parking facilities to serve the auditorium would be available for all-day parkers working in the downtown area.

2. Act 199 authorizes the issuance of bonds in an amount not to exceed $6 million for the completion of the construction of the Kalihi tunnel and its approach roads and for the construction of a second

two-lane tunnel bore. This project is designed to provide a needed transportation link between the city of Honolulu and the windward side of the island of Oahu in order to alleviate traffic congestion on the Nuuanu Pali Road.

3. Act 210 authorizes the issuance of general obligation bonds in the sum of $1,500,000 for the completion of, improvement to, and development of certain existing public parks and playgrounds, and for the acquisition, construction, and improvement of new public parks and playgrounds in Honolulu.

4. Act 223 authorizes the issuance of general obligation bonds in the sum of $4 million for the construction of sewerage systems and flood control and drainage facilities.

Section 55 of the Hawaiian Organic Act, as amended (48 U. S. C., sec. 562), provides that the total indebtedness of political subdivisions of the Territory shall not at any time exceed 5 percent of the assessed value of property in the subdivision, and that the total indebtedness incurred in any one year by the subdivision shall not exceed one percent of such assessed value. We have been advised by Territorial officials that the 1956 valuation for tax purposes of property in the city and county of Honolulu will result in a debt limitation of approximately $35 million under the 5-percent provision of the organic act, and will permit a maximum indebtedness of approximately $7 million in any 1 year under the 1-percent provision of the organic act. The total indebtedness authorized by the four acts of the Hawaiian Legislature designated in section 1 of the bill would amount to $14,500,000.

We have been informed that, as of May 1, 1955, the total indebtedness of the city and county of Honolulu incurred both under the authorization of section 55 of the Organic Act and pursuant to special authorizations approved by the Congress, regardless of the limitations imposed by the organic act, less amounts retired and refunded, amounted to $32,507,327. It is obvious that issuance of the bonds authorized by the acts of the Territorial legislature listed in the bill would be prohibited by the limitations imposed by the organic act without express action of the Congress.

Section 2 of H. R. 9769 provides that the Territory of Hawaii could authorize the city and county of Honolulu to incur a total indebtedness, including indebtedness incurred pursuant to section 1 of the bill, of not to exceed at any one time $70 million and to incur a total indebtedness in any one year of not to exceed $14 million. The proposed constitution for the State of Hawaii, which was approved and ratified by the Territorial legislature and the electorate of the Territory, would permit the city and county of Honolulu to incur a total indebtedness at any one time of an amount not in excess of 10 percent of the assessed property valuation, and to incur indebtedness in any one year of an amount not in excess of 2 percent of such assessed valuation. The maximum limitations which section 2 of the bill would impose; namely, $70 million and $14 million, amount to approximately 10 percent and 2 percent, respectively, of the 1956 assessment. Accordingly, the ceilings on the debt limit which would be authorized by section 2 of H. R. 9769 would reflect the amount of indebtedness which the city and county of Honolulu would be authorized to incur within the provisions of the proposed constitution.

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Enactment of the bill will not only give approval to the issuance of the bonds for the purposes and in the amounts described above, but it will permit the city and county of Honolulu to incur additional indebtedness, when authorized by the Territorial government, without the necessity of obtaining prior congressional approval, as it has had to do in the past and as it must do at the present time because of the low ceilings imposed by section 55 of the organic act.

There would appear to be no reason to believe that the proposed bond issues or any additional issues within the ceilings which would be set by section 2 will unduly hinder the fiscal condition of the local government in view of our information that local assessment policies have been conservative and that the current tax rate is low enough to warrant an increase in the event this should be necessary to service the debt. The enactment of H. R. 9769 will result in no additional expense to the United States. We have been informed that the Governor of Hawaii has recommended favorable action on this bill. We concur in this recommendation because the bill will permit the Territory and the city and county of Honolulu to exercise greater control over their purely local affairs.

We have been requested previously by your committee to report on H. R. 7755, H. R. 7756, H. R. 7757, and H. R. 7889. It should be noted that the congressional ratification and confirmation proposed in those bills are incorporated in section 1 of H. R. 9769, and favorable action on H. R. 9769 will obviate the necessity for any further action on the earlier bills.

The Bureau of the Budget has advised that there is no objection to the submission of this report to your committee.

Sincerely yours,

WESLEY A. D'EWART,
Assistant Secretary of the Interior.

The Committee on Interior and Insular Affairs recommends enactment of H. R. 9769, as amended.

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Calendar No. 2380

84TH CONGRESS, 2d Session } SENATE { REPORT No. 2356

CHANGE IN NAME OF BEDLOE'S ISLAND

JUNE 26, 1956.—Ordered to be printed

Mr. MURRAY, from the Committee on Interior and Insular Affairs, submitted the following

REPORT

[To accompany S. J. Res. 114]

The Committee on Interior and Insular Affairs, to whom was referred the joint resolution (S. J. Res. 114) to change the name of Bedloe's Island in New York Harbor to Liberty Island, having considered the same, report favorably thereon without amendment and recommend that the resolution do pass.

Information received by the committee from the Department of the Interior reveals that island in New York Harbor on which rests the Statue of Liberty has, since aboriginal times, been known by various names. The United States Coast and Geodetic Survey has used the name "Bedloe's Island" on its official charts since 1837, this being an anglicized spelling of the name of one Isaack Bedloo to whom the island was patented in 1667. The sponsor of this resolution, Senator John Pastore, of Rhode Island, has pointed out that the island was long referred to as "Liberty Island" after the erection of the Statue of Liberty, although there has never been any official change in the island's title since its official designation as "Bedlow's" Island when acquired by the State of New York in 1796.

The committee feels that an important factor warranting consideration of this resolution is the establishment of the American Museum of Immigration at the foot of the Statue of Liberty. The American Museum of Immigration has as its purpose the strengthening of national unity through creation of a great national shrine of American ancestry. The project has been endorsed by President Eisenhower and officials of the National Park Service.

As many as 800,000 people have visited the Statue of Liberty in a single year. When the museum is built, it will further add to the attractiveness of the Statue of Liberty and it is certain that this addition will be an added inducement for people to visit this world-famous statue.

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As part of the campaign, the American people will be asked to contribute voluntarily $5 million to finance the establishment of the American Museum of Immigration. When plans for the museum were being formulated, the idea was expressed that the name "Liberty Island" would be of much more significance than the title "Bedloe's Island." The committee fully agrees with this suggestion. The suggestion for a change in the name of the island was made by the trustees of the American Museum of Immigration, headed by Ulysses S. Grant III and Pierre S. DuPont III. The eventual custodian of the museum will be the National Park Service and the committee would commend those who are giving of their time and efforts to provide the Statue of Liberty with a setting worthy of its preeminent place as the inspiring symbol of the United States and of our way of life.

DEPARTMENTAL REPORTS

The Bureau of the Budget, in its report on this measure, indicates that the Board on Geographic Names has recommended against enactment of the resolution. Apparently the Board, in so recommending, was following a policy of not passing favorably on proposals of this character unless the name to be changed was "clearly unsatisfactory." The Board contends that—

> if such a policy were not followed, there would be great instability of names with frequent changes in maps and charts resulting in confusion and increased costs of production.

This recommendation was supported by the United States Coast and Geodetic Survey.

The Department of the Interior, in a report dated June 4, 1956, indicates that it has no objection to this measure if the Congress finds it to be warranted.

This committee must disagree with the position of the Board on Geographic Names that—

> * * * the name "Liberty Island" would seem to add very little if anything to the significance of the statue.

On the contrary, the committee feels that the name "Liberty Island" is a most significant improvement in the designation of the island on which the Statue of Liberty stands, particularly in view of the establishment there of the American Museum of Immigration. Your committee finds the proposed change in name to be both desirable and appropriate and recommends that the joint resolution be approved.

The reports from the Bureau of the Budget and the Department of the Interior are set forth in full below.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D. C., May 23, 1956.

Hon. JAMES E. MURRAY,
Chairman, Committee on Interior and Insular Affairs,
United States Senate, Washington, D. C.

MY DEAR MR. CHAIRMAN: This is in response to your request for the views of this Bureau on Senate Joint Resolution 114, a resolution to change the name of Bedloe's Island in New York Harbor to Liberty Island.

A large number of proposals are made for changes in geographic names. Such proposals are considered by the Board on Geographic Names which was established by the Congress to standardize geographic names for official use (Public Law 242, approved July 25, 1947; 61 Stat. 456). The Board has adopted a strict policy that existing names should not be changed unless they are clearly unsatisfactory. If such a policy were not followed, there would be great instability of names with frequent changes in maps and charts resulting in confusion and increased costs of production.

The Board on Geographic Names has considered the proposed change in the name of Bedloe's Island and recommends against it.

The Department of Commerce, in response to our request for its views on the proposal, supported the recommendation of the Board on Geographic names. The Department's Coast and Geodetic Survey has used the name "Bedloe's Island" on its charts since 1837.

The name "Bedloe's Island" is well established and is in general usage on official maps and charts. It does not appear to detract in any way from the significance of the Statue of Liberty. On the other hand, the name "Liberty Island" would seem to add very little if anything to the significance of the statue.

Under the circumstances, it is the view of this Bureau that the name of the island should not be changed.

Sincerely yours,

ROBERT E. MERRIAM,
Assistant to the Director.

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D. C., June 4, 1956.

Hon. JAMES E. MURRAY,
Chairman, Committee on Interior and Insular Affairs,
United States Senate, Washington, D. C.

MY DEAR SENATOR MURRAY: Your committee has requested a report on Senate Joint Resolution 114, a resolution to change the name of Bedloe's Island in New York Harbor to Liberty Island. The purpose of this proposed legislation is to change the name of Bedloe's Island, upon which is situated the Statue of Liberty National Monument, to Liberty Island.

We would have no objection to this measure if the Congress finds, upon consideration of this report, that such proposed legislation is warranted. This proposal is of interest to this Department for two reasons: (1) because of its application to our administration of the Statue of Liberty National Monument, situated on Bedloe's Island; and (2) because it involves a proposed change in a geographic name thereby relating to matters that are subject to consideration by the Board on Geographic Names.

The Board on Geographic Names, which comprises representatives from various Federal departments and agencies (see 43 U. S. C. 1952 edition, secs. 364–364f), is of special concern to this Department. In this connection, it should be noted that the Board has considered the proposed change in the name of Bedloes Island, as prescribed by the pending bill, and has reached the conclusion that the name should not be changed. It has been the accepted policy, repeatedly followed by

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the Board, to favor changes in established names only when the existing name is unsatisfactory. The Board has taken this position because of its belief that any other general course of action would lead to an undesirable instability of names, due to the fact that the number of proposals for such changes is large.

In addition to the foregoing, we recognize that the proposed change in the name of Bedloes Island presents somewhat unusual historical and other considerations that warrant evaluation. The small island in New York Harbor that came to be known as Bedloes has been known also by a series of other names from aboriginal times to the present. Available records show that the first name of the island was "Minissais" or "lesser island," which was used by the Mohegan Indians. In the Dutch colonial period, during the first half of the 17th century, the island was referred to by the names: "Hore," "Great Oyster," and "Oyster." About 1667, soon after the beginning of English colonial occupation in New York, Isaack Bedloo was given a patent to the island and it became known by his name in local usage. In this period, the island was officially named Love Island by English Governor Lovelace.

During the 18th century the island bore additional names. Upon its purchase by Archibald Kennedy, comptroller of the port of New York, in 1746, it became Kennedy's Island; and, upon its acquisition by the city of New York in 1758 it was named "Corporation" Island. In 1796, the island was acquired by the State of New York and it was officially renamed "Bedlow's" Island at that time, using an anglicized spelling of Bedloo. This name was retained when the island was ceded to the United States about 1800.

Bedloes Island has become a symbol to all the peoples who have immigrated to this country and, in fact, to the peoples of the whole world, of the great ideals of human liberty. In the period that the Statue of Liberty was being planned and erected, its sculptor, Auguste Bartholdi, referred to Bedloes Island as Liberty Island. During the campaign by the New York World, 1885–90, to raise funds for the pedestal of the statue, the island was commonly called Liberty Island, but there was no official change from the name Bedloes Island.

The Bureau of the Budget has advised that there is no objection to the submission of this report to your committee.

Sincerely yours,

F. E. WORMSER,
Assistant Secretary of the Interior.

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Calendar No. 2381

84TH CONGRESS, 2d Session | SENATE | REPORT No. 2357

AMENDING THE CANAL ZONE CODE BY THE ADDITION OF PROVISIONS RELATIVE TO THE REGISTRATION OF ARCHITECTS AND PROFESSIONAL ENGINEERS, AND THE REGULATION OF THEIR PRACTICE

JUNE 26, 1956.—Ordered to be printed

Mr. MAGNUSON, from the Committee on Interstate and Foreign Commerce, submitted the following

REPORT

[To accompany H. R. 7811]

The Committee on Interstate and Foreign Commerce, to whom was referred the bill (H. R. 7811), having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF THE BILL

The purpose of the bill is to provide the necessary machinery for examination, registration, and regulation of the practice of engineers and architects within the Canal Zone. All States have similar legislation, but, at present, there is no comparable provision in the zone, with the result that professional men are unable to acquire a recognized professional status during their residency in the zone and are not given interim credit by the various registration boards in the United States for the work accomplished, due to their nonprofessional status.

The bill will impose no additional costs to the Canal Zone Government since the examination and registration fees will offset the expense of establishing and administering the program. Such fees must be reasonable and nondiscriminatory. The committee also recommends that the rules and regulations prescribed by the Governor under the authority granted in section 502 of chapter 25 closely parallel and follow the rules and regulations governing architects and engineers as expressed in the code of the District of Columbia as far as practicable. The committee is anxious to insure that both professions remain open to all competent applicants and that no person be denied the right to practice his chosen profession due to harsh, unreasonable, or unfair rules or regulations.

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There is set forth below for the information of the Senate a letter from Mr. W. M. Whitman, Assistant to the Governor, Canal Zone Government, and Secretary of Panama Canal Company, to Congressman Herbert C. Bonner, chairman of the House Merchant Marine and Fisheries Committee, setting forth in detail the purpose of the legislation:

CANAL ZONE GOVERNMENT,
OFFICE OF THE GOVERNOR,
Washington, D. C., September 21, 1955.

Hon. HERBERT C. BONNER,
Chairman, Committee on Merchant Marine and Fisheries,
House of Representatives.

DEAR MR. BONNER: Reference is made to your request for a report on the bill (H. R. 7811) to amend the Canal Zone Code by the addition of provisions relative the registration of the practice of architects and professional engineers.

This proposed legislation was prepared under the direction of the Governor of the Canal Zone upon the request of the professional engineers and architects in the Canal Zone. The Governor and the Panama Canal Company recommend favorable consideration of the bill as being in the public interest in the Canal Zone and as being advantageous to the Company and the Canal Zone Government in the employment of architects and engineers.

Most jurisdictions of the United States have enacted similar measures with a principal purpose of protecting the public interest by insuring that none but competent architects and engineers shall engage in the private practice of their professions. Although most of the architects and engineers in the Canal Zone are employed by United States Government agencies, the same general purpose served elsewhere would also be served by such legislation in the Canal Zone where, in addition to Government structures, a number of quarters and other buildings are privately owned and constructed, including clubs and churches and other buildings of a public nature used by many Canal Zone residents. The Governor has certain administrative control over construction methods and building design in the case of private structures. This control is similar to that possible under building codes in other jurisdictions, which nevertheless have recognized the need to regulate the practice of architecture and of engineering.

A further substantial and important purpose of the proposed legislation is the protection of the professional status of the architects and engineers in the Canal Zone who are employees of the Panama Canal Company and other Government agencies. Young architects and engineers are reluctant to accept or continue employment where they have no clearly recognized professional status and where experience gained is not likely to be recognized by the various registration boards in the United States and the national councils of architectural and engineering registration boards. The proposed bill would make possible this needed recognition of professional status on a reciprocal basis with other jurisdictions. As a result it is expected that the morale of our architects and engineers would be improved and that the difficulties now experienced by the Panama Canal Company in recruiting and retaining qualified young engineers and architects would be eased.

It is contemplated that the regulations authorized by the bill would permit, but not require, architects and engineers employed by Federal agencies to be registered.

The legislative proposal is designed to give the Governor basic authority to promulgate regulations that would provide for an examining board and the issuance of licenses, prescribe detailed standards for determining the qualifications of applicants, and establish administrative procedures. It is contemplated that the regulations which the Governor would issue under the legislation would be patterned very closely after provisions applicable in the District of Columbia on this subject.

It is not expected that the proposed legislation would have any significant fiscal effect on the operations of the Canal Zone Government or the Panama Canal Company.

In line 16 on page 2 of the bill the word "architecture" should be corrected to read "architects." It is also suggested that the title of the bill should be "to amend the Canal Zone Code by the addition of provisions relative to the registration, and the regulation of the practice, of architects and professional engineers."

The Bureau of the Budget has advised that there is no objection to the submission of this report.

Sincerely yours,

W. M. WHITMAN,
Assistant to the Governor,
Secretary, Panama Canal Company.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italics, existing law in which no change is proposed is shown in roman):

CANAL ZONE CODE

CHAPTER 25—REGISTRATION OF ARCHITECTS AND PROFESSIONAL ENGINEERS

Sec.

501. Practice of architecture and engineering declared to be subject to regulations.
502. Regulations authorized.
503. Punishment for violations.
504. Injunction to restrain violation.
505. Investigations; attendance of witnesses; production of books and papers; subpena procedure; witness fees.

§ 501. Practice of architecture and engineering declared to be subject to regulation

In order to safeguard life, health, and property and to promote the public welfare, the practice of architecture and engineering in the Canal Zone are hereby declared to be subject to regulation in the public interest. It is further declared to be a matter of public interest and concern that the professions of architecture and engineering merit and receive the confidence of the public and that only qualified persons be permitted to engage in the practice of architecture and engineering.

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§ 502. Regulations authorized

The Governor of the Canal Zone is hereby authorized to prescribe, and from time to time alter and amend, regulations for the Canal Zone governing the registration, and regulating the practice, of architects and professional engineers. Such regulations may include provisions covering issuance, suspension, revocation, and reissuance of certificates of registration, and may also provide for the certification of architects-in-training and engineers-in-training, and for the levying of appropriate fees.

§ 503. Punishment for violations

Any person who shall violate any regulation established under authority of the next preceding section shall be punishable by a fine of not more than $500, or by imprisonment in jail for not more than one year, or by both.

§ 504. Injunction to restrain violation

The District Attorney for the Canal Zone is hereby authorized to apply for relief by injunction to restrain a person from the commission of any act which may be prohibited by the regulations established under authority of section 502 of this title. In such proceedings it shall not be necessary for the District Attorney to allege or prove either that an adequate remedy at law does not exist, or that substantial and irreparable damage would result from the continued violation thereof.

§ 505. Investigations; attendance of witnesses; production of books and papers; subpena procedure; witness fees

In the administration and enforcement of the provisions of this chapter and of the regulations prescribed under authority thereof, the Governor or such officer or officers as he may designate shall have power (a) to investigate for unauthorized and unlawful practice, to require the attendance of witnesses and the production of books and papers, and to require such witnesses to testify as to any and all matters within his jurisdiction, and (b) to issue subpenas and to administer oaths. Upon failure of any person to attend as a witness, when duly subpenaed, or to produce documents when duly directed, the Governor or other designated officer shall have power to refer the matter to the judge of the United States District Court for the District of the Canal Zone, who may order the attendance of such witness, or the production of such documents or require the said witness to testify, as the case may be, and upon the failure of the witness to attend, to testify, or to produce such documents, as the case may be, such witness may be punished for contempt of court as for failure to obey a subpena issued or to testify in a case pending before said court. Witnesses in proceedings before the Governor or other designated officer shall be paid the same fees that are paid witnesses in the United States District Court for the District of the Canal Zone.

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Calendar No. 2382

84TH CONGRESS, 2d Session } SENATE { REPORT No. 2358

AUTHORIZING EXPERIMENTAL OPERATION AND TESTING OF VESSELS OWNED BY THE UNITED STATES

JUNE 26, 1956.—Ordered to be printed

Mr. MAGNUSON, from the Committee on Interstate and Foreign Commerce, submitted the following

REPORT

[To accompany H. R. 11027]

The Committee on Interstate and Foreign Commerce, to whom was referred the bill (H. R. 11027) to amend title VII of the Merchant Marine Act, 1936, as amended, to provide for experimental operation and testing of vessels owned by the United States, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF THE BILL

H. R. 11027, which was introduced by the chairman of your committee at the request of the Secretary of Commerce, would provide permanent authority to the Department of Commerce for the testing of experimental vessels, under charter or agency agreements, in actual commercial operation. The Maritime Administration is now engaged in a program of remodeling certain Liberty ships of the reserve fleet, from the standpoint of engine improvement and betterment of cargo handling equipment, for upgrading of the reserve fleet and to develop improved vessel design and operation for commercial vessels.

Only by testing under actual commercial operation will it be possible fully to evaluate the results of certain of these improvements. It may also be necessary, however, for vessels converted with new types of propelling machinery to be operated in nearby ocean waters, with Government representatives, and shipyard and industry personnel, present to check on the operation. Likewise, testing in regard to defense requirements for merchant ships may have to be conducted under Department of Defense auspices. The Secretary of Commerce would be given discretion as to how the test operations should be made.

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Where vessels would be operated under bareboat charters, the bill provides that the charters shall be made at reasonable rates, and shall include such restrictions and conditions as the Secretary may deem necessary in the public interest, including provisions for recapture of profits as provided for in section 709 of the Merchant Marine Act, 1936, as amended. The number of vessels tested in any 1 year is limited to 10.

The report of the Comptroller General, dated May 4, 1956, and of the Department of State, dated March 28, 1956, are attached.

DEPARTMENT OF STATE,
Washington, D. C., March 28, 1956.

WARREN G. MAGNUSON,
Chairman, Committee on Interstate and Foreign Commerce,
United States Senate.

DEAR SENATOR MAGNUSON: This is in further response to your letter of February 23, 1956, respecting S. 3267, to amend title VII of the Merchant Marine Act, 1936, as amended, to provide for experimental operation and testing of vessels owned by the United States. An interim acknowledgment of that letter was made on February 27, 1956.

The proposed legislation would give the Maritime Administration powers to arrange for the experimental operation, for testing purposes, of vessels which have been repowered with special propulsive machinery, or reequipped with modern developments in cargo handling gear.

The Department of State, appreciating as it does the essentiality of an adequate American merchant marine, firmly believes that such a marine should depend for at least part of its ability to compete in world commerce upon the utilization of the most advanced and efficient technological developments in design and equipment.

The Department therefore supports the enactment of the proposed legislation.

The Department has been informed by the Bureau of the Budget that there is no objection to the submission of this report.

Sincerely yours,

ROBERT C. HILL,
Assistant Secretary
(For the Secretary of State).

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, May 4, 1956.

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Interstate and Foreign Commerce,
United States Senate.

DEAR MR. CHAIRMAN: Further reference is made to your letter of February 23, 1956, acknowledged February 24, requesting our comments on S. 3267, 84th Congress, 2d session, entitled "A bill to amend title VII of the Merchant Marine Act, 1936, as amended, to provide for experimental operation and testing of vessels owned by the United States."

S. 3267 would authorize the Secretary of Commerce to operate in the foreign or domestic trade and under general agency agreements or bareboat charters, vessels which have been constructed, reconditioned,

or remodeled for experimental or testing purposes. The stated object of the bill is the practical development, trial, and testing of such vessels. The bill provides that the Secretary may operate the vessels under such reasonable terms or conditions as he determines to be necessary to carry out the objective thereof. However, while it is apparently contemplated that authorized bareboat charters will include the recapture of profits as provided for in section 709 of the Merchant Marine Act, 1936, as amended, the language is susceptible to the construction that inclusion of such a provision in bareboat charters is discretionary. The bill further provides for an annual review by the Secretary to determine whether the charters or agreements should continue and that certain provisions of law prescribed or incorporated in the "vessel operation revolving fund," as created by Public Law 45, 82d Congress (65 Stat. 52, 59), shall be applicable to such charters and agreements.

It should be noted at the outset that S. 3267 does not grant authority to construct, recondition, or remodel vessels for experimental or testing purposes but provides permanent authority for the operation of such vessels. Accordingly, since there is no existing permanent authority for the construction, etc., of such vessels, S. 3267 presently will apply only to those heretofore provided for by appropriation acts. Funds were appropriated for fiscal year 1955 for the reconditioning and betterment of not to exceed four [Liberty] ships in the national reserve fleet (Public Law 663, 83d Cong., 68 Stat. 800). For fiscal year 1956, funds were provided for the construction of one prototype tanker and for the reconditioning and betterment of another [Liberty] ship (Public Law 121, 84th Cong., 69 Stat. 226). In its 1957 budget request Maritime asked for funds to build 2 prototype cargo ships and 1 nuclear tanker and to recondition another [Liberty] ship. However, we understand that the House Appropriations Committee has rejected the 1957 request as subject to a possible point of order. The appropriation acts do not refer to the vessels as experimental, but Maritime's budget justifications describe the work on the Liberty ships as experimental, and the prototype vessels as models to prove the practicality and efficiency of new classes of ships by their construction and operation in advance of mass production.

A statement submitted by the Secretary of Commerce with the bill gives as reasons for the proposed legislation:

1. The need for operating experimental vessels for relatively short periods under actual operating conditions in order that the results can be analyzed and determinations made for the benefit of the Government and industry.

2. The need of the Department of Commerce to have permanent authority for experimental operation to be conducted by United States citizen steamship owners and operators or by other departments of Government under general agency or bareboat charters.

3. The improbability of making bareboat charters on a strictly commercial basis because of the unknown capabilities of the vessels and their equipment.

On April 19, 1955, the Bureau of the Budget submitted for our comment a draft bill which would have added to the 1936 act a section 715 similar in purpose to that of S. 3267, but without the provisions contained in S. 3267 relative to recapture of profits, "reasonable" rates, and annual review of charters. In our reply of May 16, 1955, B-123668, we stated that we did not question the desirability

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of testing experimental merchant vessels in actual commercial operations, but that it was not apparent that the operation potential of the contemplated experimental vessels or equipment was so unpredictable as to necessitate the unlimited administrative discretion contemplated by the draft bill. We suggested that consideration be given (1) to the operation and testing of experimental vessels by Military Sea Transportation Service, (2) to providing standards for determining when a vessel might be properly considered as "constructed, reconditioned, or remodeled for experimental, development, or testing purposes," (3) to the feasibility of chartering vessels on the basis of competitive bids, with a provision for reduction of the charter hire by any amount determined by the Secretary to be the excess cost to the operator by virtue of his use of the experimental vessel, and (4) to a limitation of the time during which an experimental vessel may be chartered.

The inclusion in S. 3267 of a requirement that bareboat charters contain provisions for the recapture of excess profits as provided for in section 709 of the 1936 act, would appear to be a reasonable substitute for competitive bidding and designed to afford the Secretary the desired flexibility for placing experimental vessels in the geographical areas from which data is desired. However, to make it clear that inclusion of the recapture provision in bareboat charters is mandatory, rather than discretionary, we urge that the sentence beginning on page 2, line 8, be amended to read:

"Bareboat charters entered into under this section shall be made at reasonable rates of charter and shall include provisions for recapture of profits as provided for in section 709 of this Act, as amended, together with such restrictions and conditions as the Secretary of Commerce determines to be necessary or appropriate to protect the public interest."

With respect to our suggestion that consideration be given to the operation and testing of experimental vessels for the Maritime Administration by the Military Sea Transportation Service, we have no firsthand information as to whether that procedure would fully accomplish the objects of S. 3267. Accordingly, we make no recommendation in that regard.

Inasmuch as the present experimental vessels which could be operated pursuant to the authority of S. 3267 are those provided for by the appropriation acts referred to above, and future experimental vessels presumably will be constructed, reconditioned, or remodeled pursuant to express statutory authority therefor, it now appears that the standards contemplated in suggestion (2) of our report on the draft bill hereinabove referred to would more properly be for inclusion in the instrument authorizing the construction, and so forth, of experimental vessels.

S. 3267 would require that general agency agreements and bareboat charters be reviewed annually for the existence of conditions to justify their continuance. While this requirement would tend to limit the time during which a vessel may be operated in an experimental status, we believe it would be desirable to state the limitation in more specific terms to minimize the possibility that a vessel could be continued in an experimental status beyond the time necessary to determine its capabilities. This could be accomplished by adding the following or similar provision after the completed sentence on page 2, line 18 of the bill:

"However, a vessel shall not be operated in an experimental status for more than two years consecutively or intermittently except where the Secretary of Commerce has made a determination that a longer period is necessary in which event he shall so notify the Committee on Interstate and Foreign Commerce of the Senate and Merchant Marine and Fisheries of the House of Representatives, stating the circumstances and the need for such longer period."

We do not interpret the bill's incorporation by reference of those provisions of law prescribed or incorportaed in the law creating the "vessel operations revolving fund" relating to vessel operating activities and employment of seamen as altering the present unavailability for use of the moneys in that fund which we have held are limited to expenditures for national emergency matters, as distinguished from normal peacetime commercial activities.

Subject to the changes herein recommended, we perceive no objection to the proposed measure.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italics, existing law in which no change is proposed is shown in roman):

TITLE VII OF THE MERCHANT MARINE ACT, 1936

(46 U. S. C., secs. 1191–1204)

SECTION 701. Construction and chartering of vessels for unsuccessful routes; purchase of vessel by charterer; purchase price; operation of vessel in foreign trade.

If the Secretary of Commerce * * *.

* * * * * * *

SEC. 715. The Secretary of Commerce, for the purpose of practical development, trial, and testing, is authorized without regard to other provisions of this title or other laws relating to chartering and general agency operations, to operate, under general agency agreements or bareboat charter, vessels owned by the United States (including any national defense reserve vessel) which have been constructed, reconditioned, or remodeled for experimental or testing purposes, in the foreign or domestic trade of the United States or for use for the account of any agency or department of the United States, under such reasonable terms or conditions as the Secretary of Commerce determines to be necessary to carry out the objects of this Act: Provided, however, That not in excess of ten such vessels shall be operated and tested under the authority of this section in any one year. Bareboat charters entered into under this section shall be made at reasonable rates of charter and shall include such restrictions and conditions as the Secretary of Commerce determines to be necessary or appropriate to protect the public interest, including provisions for recapture of profits as provided for in section 709 of this Act, as amended. Charters and general agency agreements entered into

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under this section shall be reviewed annually for the purpose of determining whether conditions exist which would justify continuance of the charter or agreement. Those provisions of law prescribed or incorporated under the heading "VESSEL OPERATIONS REVOLVING FUND" in chapter VIII of the Third Supplemental Appropriation Act, 1951 (Public Law 45, Eighty-second Congress; 65 Stat. 52, 59), which relate to vessel operating activities of the Secretary of Commerce and to employment of seamen through general agents, shall be applicable in connection with charters and agreements entered into under this section.

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Calendar No. 2386

84TH CONGRESS, 2d Session } SENATE { REPORT No. 2362

PROVIDING FOR AN EXTENSION OF THE TIME DURING WHICH ANNUAL ASSESSMENT WORK ON UNPATENTED MINING CLAIMS VALIDATED UNDER SECTION 2 OF THE ACT OF AUGUST 11, 1955, MAY BE MADE

JUNE 26, 1956.—Ordered to be printed

Mr. MURRAY, from the Committee on Interior and Insular Affairs, submitted the following

REPORT

[To accompany S. 3773]

The Committee on Interior and Insular Affairs, to whom was referred the bill (S. 3773) to provide for an extension of the time during which annual assessment work on unpatented mining claims (located under the provisions) of the act of August 11, 1955, may be made, and for other purposes, having considered the same, report favorably thereon with two amendments and recommend that the bill as amended do pass.

THE AMENDMENTS

Amendment No. 1: That the title be amended by deleting the words "located under the provisions" and substitute therefor the words "validated under section 2".

Amendment No. 2: On lines 6 and 7 of the printed bill the words "located and filed under the provisions" be deleted and inserted in their stead "validated under section 2".

The two amendments adopted were suggested by the Department of the Interior, and with the suggestions of the Department the Committee is in full accord. Under provisions of the act of August 11, 1955, assessment work on claims located subsequent to enactment of the act need not be performed prior to July 1, 1957, and the amendments are intended to make the extension of time apply specifically and solely to claims validated under section 2 of the 1955 act, that is those that had been located upon prior to May 25, 1955.

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HISTORICAL BACKGROUND OF THE ACT OF AUGUST 11, 1955

This act of the 84th Congress, 1st session, had as its purpose authority to permit the development of what were and are believed to be large amounts of uranium and possibly other source materials for atomic energy occurring in lignite deposits in the public lands of the United States which are subject to lease under the mineral leasing laws. The act was carefully drawn to bring it within the framework of the historical mining law of 1872, as amended, and to avoid adversely affecting the mineral leasing laws and the multiple purpose or surface use acts. It was endorsed by the Department of the Interior, the Atomic Energy Commission, and the Budget Bureau.

It provided for the opening up of specifically described lands to location and entry under the mining laws upon the discovery of a valuable source material, and set forth the rights, limitations and restrictions that would apply to any such claims and patents.

The act set up procedures for validation of any mining location based on the discovery of a valuable source material within a lignite deposit, and located in a manner prescribed under the mining laws of the United States, prior to May 25, 1955, and gave to such locator 180 days after the effective date of the act to comply with all validation requirements.

LEGAL EFFECT

This latter provision found in section 2 of the 1955 act, providing for the validation, made the validation effective as of the date of original location of claims located prior to May 25, 1955, and therefore the assessment work requirement on such validated claims started running as of July 1, 1955, despite the fact that the locator had 180 days after the effective date of the act, August 11, 1955, to complete validation procedures.

MISUNDERSTANDING ARISES

Thereafter a misunderstanding as to when the requirement for assessment work started running arose as a result of an unfortunate exchange of correspondence between numerous locators and mining groups and the Bureau of Land Management. A telegram, ambiguous in its wording, from the Bureau of Land Management of the Department of the Interior to the secretary of a claimholders association, was unfortunately misconstrued to mean that assessment work on claims validated under section 2 of the 1955 act would not have to be made prior to July 1, 1957. It was not until the receipt of a letter from the Bureau of Land Management dated June 13, 1956, that this large group of claimholders was informed by the Bureau of the proper construction of the act, and for this reason the committee has been advised by the Bureau of Land Management, "we offer no objection to the enactment of this bill (S. 3773)."

PURPOSE

The purpose of S. 3773 is to provide that locators who validate their claims under section 2 of the 1955 act, and who were understandably misled by the unfortunate wording of a telegram from the Bureau of

Land Management may have until July 1, 1957, to complete their first year of assessment work, rather than before July 1, 1956, as they undoubtedly would have done under ordinary circumstances.

NOT PREDEDENT SHATTERING

The committee has been hesitant to recommend any extension of time for the completion of assessment work on mining claims, and therefore wishes to make it clear that its present recommendation is not to be regarded as setting any precedent, being actuated solely by reason of the fact that the claimholders herein involved were misled as to what the law required of them by the unfortunate wording of a telegram from an official Government agency.

In this connection attention is called to paragraph 5 of the report of the Department of the Interior on S. 3773, which reads:

> As a general proposition this Department does not favor a liberalization of the requirements for assessment work on mining claims. No one should be entitled to the possession of public lands under the provisions of the mining laws, if he does not actively prospect for and develop the minerals in those lands. There are, however, peculiar circumstances in relation to this bill which lead us to a contrary conclusion in this case. A telegram from the Bureau of Land Management of this Department to the secretary of a claimholders' association was misconstrued to mean that assessment work on claims validated under section 2 of the 1955 act would not have to be made prior to July 1, 1957. It was not until the receipt of a letter from the Bureau, dated June 13, 1956, that those claimholders were informed by the Bureau of the proper construction of the act. For this reason, we offer no objection to the enactment of this bill.

It will be seen by the above quotation that the Department of the Interior shares the committee's concern over liberalizing requirements for assessment work on mining claims.

URGENT ACTION NEEDED

This pending legislation must be enacted and signed into law prior to July 1, 1956, if locators affected, that is those who located their claims prior to May 25, 1955, and who relied upon the aforementioned Department telegram, are not to face the hazard of claim jumping and possible loss of their claims. It is earnestly urged that immediate action be taken.

The Department of the Interior reports:

DEPARTMENT OF THE INTERIOR,
Washington, D. C., June 22, 1956.

Senator JAMES E. MURRAY,
Chairman, Committee on Interior and Insular Affairs,
Senate of the United States, Washington, D. C.

MY DEAR SENATOR MURRAY: This is in reply to your request for the views of this Department on S. 3773, a bill to provide for an extension of the time during which annual assessment work on unpatented

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mining claims located under the provisions of the act of August 11, 1955, may be made, and for other purposes.

We would have no objection to the enactment of this bill if amended as suggested below.

S. 3773 is a bill to provide that, with respect to unpatented mining claims located and filed under the provisions of the act of August 11, 1955 (69 Stat. 679; 30 U. S. C., secs. 541–541i), the time during which labor must be performed or improvements made pursuant to section 2324 of the Revised Statutes (30 U. S. C., sec. 28) for the period beginning July 1, 1955, is extended to noon on July 1, 1957. The act of August 11, 1955, provides for entry and location, on discovery of a valuable source material, on public lands which are classified or known to be valuable for coal.

Since the first annual period for the completion of assessment work on mining claims begins at noon on the 1st day of July following the date of location, assessment work on mining claims located pursuant to the act of August 11, 1955, would not have to be completed until noon on July 1, 1957. However, section 2 of the 1955 act provides for the validation, as of the date of original location, of claims located prior to May 25, 1955. Therefore the assessment work on those validated claims must be made before July 1, 1956.

As a general proposition this Department does not favor a liberalization of the requirement for assessment work on mining claims. No one should be entitled to the possession of public lands under the provisions of the mining laws, if he does not actively prospect for and develop the minerals in those lands.

There are, however, peculiar circumstances in relation to this bill which lead us to a contrary conclusion in this case. A telegram from the Bureau of Land Management of this Department to the secretary of a claim holders' association was misconstrued to mean that assessment work on claims validated under section 2 of the 1955 act would not have to be made prior to July 1, 1957. It was not until the receipt of a letter from the Bureau, dated June 13, 1956, that those claim holders were informed by the Bureau of the proper construction of the act. For this reason we offer no objection to the enactment of this bill.

However, if the bill should be enacted, we believe that it ought to be amended. As we have pointed out above, assessment work on claims located subsequent to the enactment of the act of August 11, 1955, need not be performed prior to 12 o'clock meridian, July 1, 1957. The bill should, therefore, be made specifically applicable to claims validated under section 2 of the 1955 act. Accordingly we recommend that the words "located and filed under the provisions" in lines 6 and 7 be deleted; in their stead should be inserted "validated under section 2." A similar amendment of the title should be made by the deletion of the words "located under the provisions" and the substitution therefor of the words "validated under section 2."

The Bureau of the Budget has advised that there is no objection to the submission of this report to your committee.

Sincerely yours,

WESLEY A. D'EWART,
Assistant Secretary of the Interior.

APPENDIX

Public Law 357—84th Congress

Chapter 795—1st Session

H. R. 6994

AN ACT

To provide for entry and location, on discovery of a valuable source material, upon public lands of the United States classified as or known to be valuable for coal, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, subject to the conditions and provisions of this Act and to any valid intervening rights acquired under the laws of the United States, public lands of the United States classified as or known to be valuable for coal subject to disposition under the mineral leasing laws and which are open to location and entry subject to the conditions and provisions of the Act of August 13, 1954 (68 Stat. 708), unless embraced within a coal prospecting permit or lease, shall also be open to location and entry under the mining laws of the United States upon the discovery of a valuable source material occurring within any seam, bed, or deposit of lignite in such lands: *Provided*, That a copy of the notice of any mining location made for source material occurring in any such bed, seam, or deposit, shall be filed for record in the land office of the Bureau of Land Management for the State in which the claim is situated within ninety days after the date of its location: *Provided, further*, That the claimant to any such mining location shall report annually to the Mining Supervisor of the Geological Survey the amount of lignite mined or stripped in the recovery of such valuable source material during each calendar year and tender payment to him of 10 cents per ton thereon. Any mineral patents issued hereunder shall be made subject to the recording and payment requirements of this section and shall contain a reservation to the United States of all Leasing Act minerals owned by the United States other than lignite containing valuable source material and lignite necessary to be stripped or mined in the recovery of such material. Mining claims located and mineral patents issued under the provisions of this Act shall not include rights to lignite not containing valuable source material except to the extent it may be necessary to mine or strip such lignite in order to mine the source material and, with respect to lode claims, shall not include extralateral rights. For all purposes of this Act "source material" and "lignite" shall have the meanings given in section 6 of this Act.

SEC. 2. Any mining claim located in a manner prescribed by the mining laws of the United States upon lands of the character described in section 1 of this Act, prior to May 25, 1955, if based upon a discovery of valuable source material contained in lignite shall be effective to the same extent as if such lands at the time of location, and at all

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times thereafter, had not been classified as or known to be valuable for coal subject to disposition under the mineral leasing laws, subject, however, to the provisions of section 1 hereof: *Provided*, That no extralateral rights shall attach to any mining location validated under this section: *And provided further*, That the locator or locators of such a mining claim shall, not later than one hundred and eighty days from and after the date of this Act, post on the claim and file for record in the office where the notice or certificate of location is of record, an amended notice of the mining location stating that such amended notice is filed pursuant to the provisions of this Act and for the purpose of obtaining the benefits thereof; and that a copy of said amended notice is, within the said one-hundred-and-eighty-day period, filed in the land office of the Bureau of Land Management for the State in which the mining location is situated, and the mining locator thereafter complies with the requirements of this Act.

SEC. 3. Subject to the provisos of section 2 of this Act, any mining location made under the mining laws of the United States, including the Act of August 13, 1954, on lands of the character described in section 1 of this Act, except locations made for lands within the exterior boundaries of a prior coal prospecting permit or lease, if based upon a discovery of valuable source material in deposits other than deposits of Leasing Act minerals, shall include the right to mine, remove, and dispose of lignite containing valuable source material and lignite necessary to be stripped or mined in the recovery of source material contained in lignite, subject to the reporting and payment requirements of section 1 of this Act, and subject to the provisions of the Atomic Energy Act of 1954 (68 Stat. 919), and upon filing in the land office designated in section 1 hereof, an adequate description of his claim or claims containing such lignite: *Provided*, That nothing in this section shall be construed to limit or restrict the right acquired by virtue of a mining claim heretofore or hereafter located, under the 1872 Mining Act, as amended, or to impose any additional obligation with respect to the mining and removal of source material which does not occur within any seam, bed, or deposit of lignite.

SEC. 4. The entryman or owner of any land or the assignee of rights therein, including lands granted to States, with respect to which the coal deposits have been reserved to the United States pursuant to the provisions of the Act of March 3, 1909 (35 Stat. 844), or the Act of June 22, 1910 (36 Stat. 583), excepting lands embraced within a coal prospecting permit or lease, upon the discovery of valuable source material in lignite situated within such entered, granted, or patented lands, who, except for the reservation of coal to the United States would have the right to mine and remove such source material, shall have the exclusive right to mine, remove, and dispose of lignite containing such source material and lignite necessary to be stripped or mined in the recovery of such material, subject to the reporting and payment requirements of section 1 of this Act, and subject to the provisions of the Atomic Energy Act of 1954, upon filing in the land office designated in section 1 hereof, an adequate description sufficient to identify the land containing such lignite.

SEC. 5. The holders of coal leases issued under the provisions of the mineral leasing laws, including the Act of August 7, 1947 (61 Stat. 913), prior to the date of this Act, or thereafter if based upon a prospecting permit issued prior to that date, upon the discovery during

the term of such lease of valuable source material in any bed or deposit of lignite situated within the leased lands, shall have the exclusive right to locate such source material under the provisions of this Act but the mining and disposal of such source material shall be subject to the operating provisions of the lease and to the provisions of the Atomic Energy Act of 1954: *Provided*, That the provisions of this section shall not apply to coal prospecting, permits or leases on lands embraced within entered, granted or patented lands described in section 4 of this Act.

SEC. 6. As used in this Act "mineral leasing laws" shall mean the Act of October 20, 1914 (38 Stat. 741); the Act of February 25, 1920 (41 Stat. 437); the Act of April 17, 1926 (44 Stat. 301); the Act of February 7, 1927 (44 Stat. 1057); and all Acts heretofore or hereafter enacted which are amendatory of or supplementary to any of the foregoing Acts; "Leasing Act minerals" shall mean all minerals which, upon the effective date of this Act, are provided in the mineral leasing laws to be disposed of thereunder; "lignite" shall mean coal classified as ASTM designation: D 388-38, according to the standards established in the American Society for Testing Materials on Coal and Coke under standard specifications for Classification of Coals by Rank, contained in public-land deposits considered as valuable under the coal-land classification standards established by the Secretary of the Interior and prescribed in section 30, Code of Federal Regulations, part 201; and "source material" shall mean uranium, thorium, or any other material which is determined by the Atomic Energy Commission pursuant to the provisions of section 61 of the Atomic Energy Act of 1954 to be source material.

SEC. 7. All moneys received under the provisions of this Act shall be paid into the Treasury of the United States and distributed in the same manner as provided in section 35 of the Mineral Leasing Act of 1920, as amended, and section 9 of the Alaska Coal Leasing Act of October 20, 1914 (38 Stat. 741).

SEC. 8. The Secretary of the Interior is authorized to issue such rules and regulations as may be necessary or appropriate to effectuate the purposes of this Act.

SEC. 9. Nothing in this Act shall be deemed to amend or repeal any provisions of the Act of August 13, 1954 (68 Stat. 708), or any right granted thereunder.

SEC. 10. Twenty years after the effective date of this Act, all lands subject to the provisions of section 1 shall be withdrawn from all forms of entry under this Act. All claims made pursuant to the provisions of this Act shall expire at that time, except for (1) claims for which patent has already been issued, and (2) claims on which application for patent has already been made and on which patent is subsequently issued: *Provided*, That, if the President shall so provide by Executive order, the provisions of this section shall not become effective until thirty years after the effective date of this Act.

Approved August 11, 1955.

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